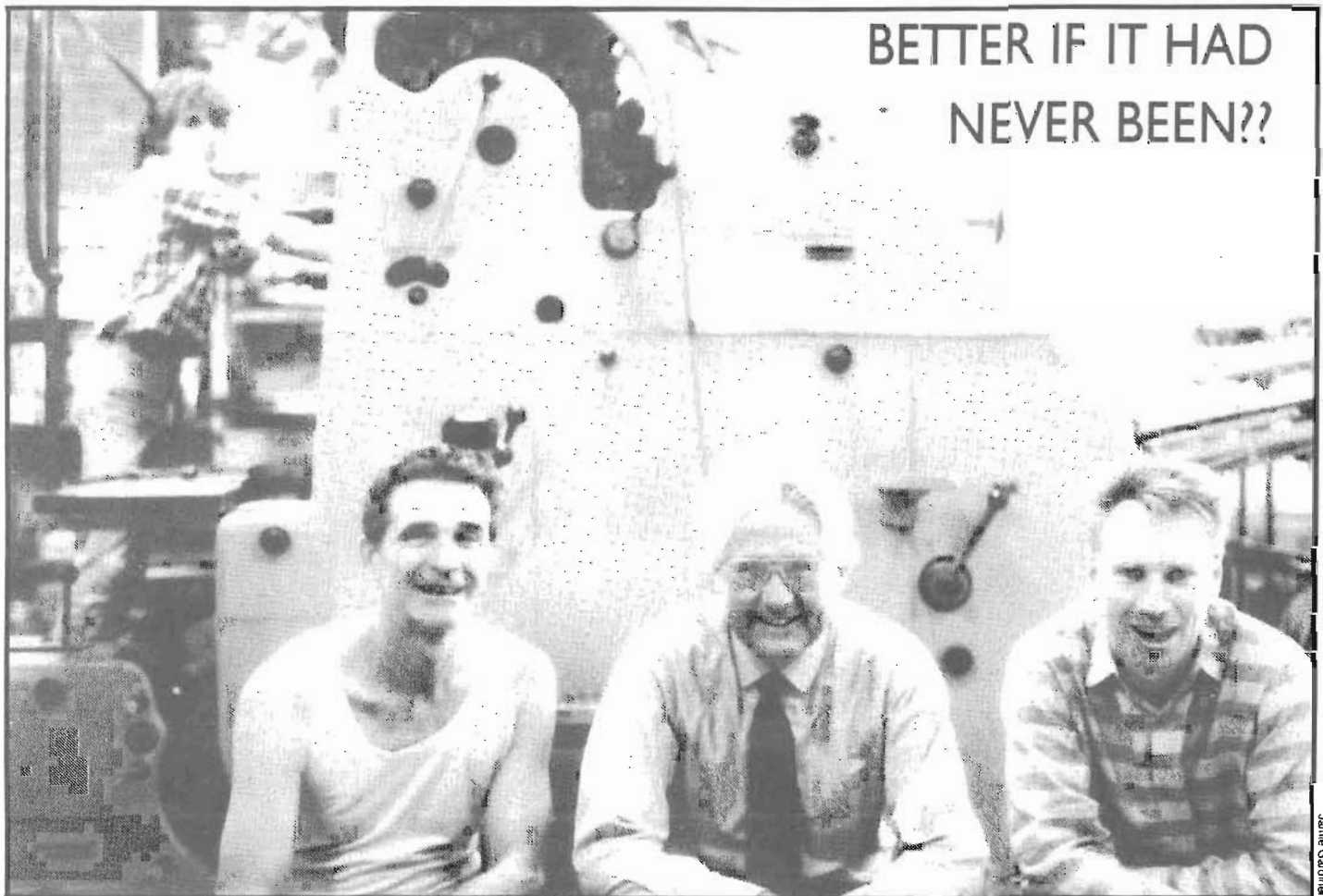


THE CO-OPERATIVE JOURNAL OF VICTORIA'S OPERATOR

No 12 JUNE 1986

• CO-OPERATION IN VICTORIA:

BETTER IF IT HAD
NEVER BEEN??



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Another Co-operator drops from the skies

We are sorry if you've been holding your breath and waiting for this edition of *The Co-operator*. We hope that no-one has died from asphyxiation.

We apologise for the eight-month break in production. We would have warned you, only the matter was taken out of our hands. Unfortunately the DEIA (now the Ministry of Labour) had no reply, for a number of months, to our proposal to produce *The Co-operator* for a second year and we had to stop without notice.

We've had a tiny reprieve now. There will be two final editions. Number 13 is your last chance to read, advertise in or write for Victoria's journal of co-operative affairs, unless you choose to lobby your MP and give your lungs a rest.

FRONT COVER: *Workers of Backyard Press and Race Mathews*

BACK COVER: *Work by CLG*

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THE CO-OPERATOR

VICTORIA'S JOURNAL OF COOPERATIVE AFFAIRS

The Co-operator is published every month by Gay Publications Co-operative Limited, 87 King William Street, Fitzroy 3065, Victoria. *The Co-operator* welcomes contributions from all sections of the co-operative movement throughout Victoria. Articles should be typed, preferably double-spaced, and should reach *The Co-operator* no later than the last Friday of the month prior to publication. Receipt of articles will be taken by the Editor as constituting permission to publish unless the contrary is specifically indicated. Typescripts will not be returned unless accompanied by a stamped self-addressed envelope. All articles submitted for publication must carry the name and address of the author. Signed articles do not necessarily represent the views of Gay Publications Co-operative. The Editor reserves the right to edit all articles prior to publication.

Editor: Oenone Serle

Assistant Editor: Danny Vadasz, Jamie Gardiner

Layout and Design: Sue Miller

Printing: Sybylla Co-operative Press Ltd

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Office Address: 87 King William St, Fitzroy 3065, Victoria.

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Editorial

What Have We Learnt?

The Co-operative Development Program (CDP) has helped to establish the co-operatives which exist today, of which six are worker co-operatives. Their employment record is encouraging. Gay Publications Co-operative (GPC), for example, has increased its staff from the three of three years ago to 17 in June 1986. The innovative Inner Urban Co-operative (IUC) provides a democratic work environment and award wages for "escapees" from the sheltered workshop system: in it a group of workers have had their hopes, skills and self-respect raised to an astonishing degree. The CDP has helped to broaden the outlook of the Victorian co-operative movement and the understanding of the philosophical basis of co-operation, both via Ministerial Advisory Committee on Co-operation (MACC) consultations and through links with the large co-operative movement in Italy.

Before all the sparks extinguish, it's time to consider how to rekindle co-operative development in Victoria to ensure that the momentum of the last five years is not lost.

The MACC report is soon to go to Cabinet and to the public. It makes many recommendations for the development of a co-operative movement.

At the same time the CDP is being wound down. The program budget has been eliminated without any compensatory funding. It is understood that money will not be made available except from the minister's discretionary fund at his whim. Support for co-operatives is at a standstill as the educational and financial support for their development can no longer be guaranteed.

This wind-down of support for co-operative development contradicts government policy and is unwarranted by most criteria.

It has been proposed that a new Office of Co-operatives be set up in Victoria. A number of questions about this office need to be addressed. How these are being answered is problematic.

The location of the new Office of Co-operatives within the Corporate Affairs Office (Minister Jim Kennan) seems to have been decided prior to any discussion of the MACC report in Cabinet or by the public. Whatever the criterion for this decision, it does not appear to have been based on a consideration of what is best for co-operative development. Instead, the political ambitions of politicians and empire-building bureaucrats seem to have been the major determinants.

Our concerns are about the structure, staffing and role of the new office. Where it is placed, how it is set up, who works there and what their values and

experiences are will determine its role and whether the co-operative development experiences of the past five years will be ignored. These concerns may not necessarily be answered by MACC.

There is no guarantee that this new office will be able to pursue a developmental role. Even if it does, little consideration appears to have been given as to what kind of developmental role.

Can the suggested new department accommodate and nurture an office which conducts both policing and development functions? It is believed that the Department of Labour will argue that there is no CDP program, staff, or budget to transfer. There is also no indication that development funding will be provided by the new minister. This is likely to leave Victoria with an office of co-operation, but no resources for development. The financing of co-operative development remains an unresolved problem.

At a minimum the four Department of Labour positions should be transferred. Staff with development skills and not merely people with legal and accountancy skills and a policing mentality must be employed. The skills required would include an understanding of co-operative principles, philosophy and practice, business planning, economic analysis, trade unionism, promotion and publicity.

We now have some concrete experiences of co-operating in democratic businesses; some things have worked and others failed. We must learn from the failures and not simply dismiss them.

The CDP experiences raises critical issues:

- Different types of co-operative are different. Their goals and structure vary. For example, the goals of cheaper prices and job creation may even be incompatible. Co-operative development must acknowledge this.
 - Sector associations are important for co-operative development.
 - People have different interpretations and understandings of co-operative philosophy and principles and these affect their practice in ways that are critically different. This must be understood in order to work with co-operative groups.
 - There has been an uncomfortable relationship between the labor and co-operative movements. The traditional co-operatives are very wary of the labor movement and vice versa. Newer types of co-operatives are inexperienced, but more hopeful about the potential.
- Decisions that will have permanent consequences, such as the segmentation of the co-operative movement,

should not preempt discussion and consultation which are yet to take place. At least initially credit co-operatives should be a part of the area of responsibility of the Office of Co-operatives.

Relating to the structure of the office within the Corporate Affairs Office, there are problems about the independence of the Office of Co-operatives. Would the head of the Office of Co-operatives have direct access to the minister, or would he or she be subject to the Commissioner of Corporate Affairs, for example?

It is unclear who will answer these concerns, and when. The minister, the Deputy Commissioner of Co-operatives, the staff and a Victorian Co-operatives Council, if it is set up, are likely to be influential. Any changes should not be ill-considered.

The CDP can provide lessons for the Office of Co-operatives about the prerequisites for success. It would be valuable if these could be further examined and documented. The CDP has made considerable advances in establishing inexpensive, long term jobs in democratic workplaces which must not be completely cast aside as a bad dream.

There is an apparent lack of interest in co-operation within the Labor Party, even though it is part of the platform. Supporters of co-operation must open debate in order to establish a more prominent place for co-operative development.

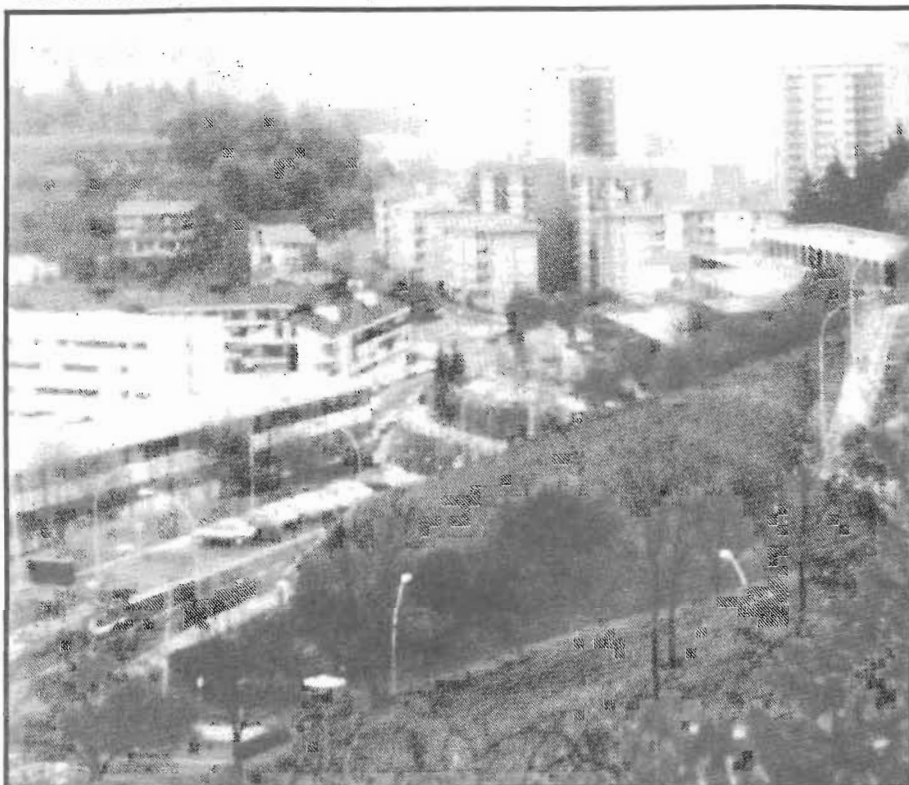
The experience of the CDP is useful in raising developmental role issues. In this issue of *The Co-operator*, we publish a retrospective of the CDP. Joe Burke assesses the tasks and performance of the program, the failures, successes and lessons. Burke warns of the wastage which would be suffered in losing all the lessons the CDP can provide.

Update

- April 1981: Co-operative Development Program (CDP) established within the Ministry of Employment and Training, under Liberal Minister Brian Dixon.
- April 1982: Jim Simmonds becomes Minister for Employment and Training, responsible for co-operatives, in the new state ALP government.
- February 1984: Ministerial Advisory Committee on Co-operation (MACC) established by Minister Ian Cathie, whose Ministry administers the Co-operation Act in the Legal and Registry Division. MACC is to advise the Victorian Government on appropriate policies and legislation for the Victorian co-operative movement. It will report to Ministers Wilkes and Simmonds.
- June 1984: MACC publication of the information paper, *The Development of the Co-operative Movement in Victoria*, and public seminar under the same title; A funded worker begins to represent the views of CDP co-ops for MACC and to service the Worker Co-operative Working Party.
- July 1984: First meetings of co-operative sector working parties for MACC, eg Producer and Community, Worker, Consumer.
- March 1985: Steve Crabb becomes the new Minister for Employment and Industrial Affairs (DEIA). He becomes one of the four Ministers to whom MACC will report, along with Wilkes, McCutcheon and Mathews.
- December 1985: Alteration of budget system in DEIA - no formal budget for co-operative development. Since this time there has been less money for co-operative development; some infrastructural work has continued. There does not appear to have been any funding for new initiatives.
- February 1986: MACC report is finished.
- March/April 1986: Crabb withdraws from the MACC process. Some new Ministers are included in the group preparing a cabinet submission, notably Treasurer Rob Jolly, Attorney-General Jim Kennan and Industry Minister Robert Fordham.
- April 1986: DEIA becomes the Department of Labour.
- June 1986: Expected date MACC report goes to Cabinet.

"I Have Seen The Future": Mathews

"I have seen the future waiting within the world's grasp in the once obscure valley in the Pyrenees where Arizmendi carried out his life's work. It works there. It can work for Australia", said the Hon Race Mathews, Minister for Police and Emergency Services and for the Arts, in an address on 12 March 1986.



Mondragon, Spain

However the minister criticized the recent Australian co-operative experience, which he described as "in most instances wretchedly managed, chronically under-performing and expressive of the attitude that the world owes their members a living". He said that we should "wipe what has already happened in this state in the field of co-operation". It was "an historical aberration", and it "would have been better if it had never been".

When questioned he said that he "would not deny that some good things had come out of the programme", but that the "overall effect" had been to "discredit the whole notion of worker co-ops".

An audience of 30 listened to Mathews's paper, "The Mondragon Experience", about the famous Basque co-operatives at a seminar entitled "Co-operatives in Industrial Society".

The occasion for this seminar was the visit by Dr Jehuda Paz, Director and Principal of the International Institute for

Development Co-operation and Labour Studies in Israel.

Paz spoke of the worldwide co-operative movement, in particular the Israeli kibbutzim and some American worker ownership initiatives.

Paz concluded somewhat rhetorically, "the co-operative movement is in my mind a vehicle of significance to industrialize and develop countries because it represents a thrust for economic betterment, linked to a thrust of social change, social justice, human dignity, the human freedom for self-reliance, for an end to powerlessness. In these contexts, it is a movement whose future is in my view at least potentially even brighter than its experience at the present or its record in the past".

The Management Centre and the School of Business Studies of RMIT organized the seminar, at which Uri Wendt of the NSW Worker Co-operative Program also spoke. RMIT intends to publish the papers given by Paz and Mathews.

Ministers Visit Worker Co-ops

After lambasting Victoria's worker co-operatives at the RMIT seminar (see page 5), on Thursday 3 April Race Mathews visited several worker co-ops to see them for himself. Andrew McCutcheon followed on 20 May.



Danny Vadasz and Andrew McCutcheon

Mathews told *The Co-operator*: "It has been good to have the opportunity to visit a number of the successful co-operatives arising from the Co-operative Development Program, which I mentioned at the seminar in reply to questions, and to have the opportunity to talk with the members of these co-operatives about some of their problems and aspirations."

The tour began at Backyard Press in Collingwood. Ted Hopkins explained to the Minister how the co-op had weathered the various problems of co-operative organization, and was now an effective and productive employee-owned and -managed business.

At Sybilla Co-operative Press and Publications Glenda Ballantyne showed Mathews some of the co-op's publications: *A Gap in the Records*, by Jan McKemmish and *Quilt*, by Finola Moorhead. He heard how they had successfully worked together ten years.

At Correct Line Graphics Roger Halley explained how the co-op had refined its business and marketing, and was now doing some very demanding graphic design work, including Union and Government contracts.

Mathews' final visit was to Gay Publications Cooperative. GPC's managing director, Danny Vadasz, explained to him how computer technology enabled GPC to publish four magazines and typeset several more.

The Minister for Property and Services, and first chair of the Ministerial Advisory Committee on Cooperation, Andrew McCutcheon, made a visit to the same co-ops.

His visit concluded with a meeting of the Worker Cooperative Working Party, which impressed on McCutcheon how important it was for the Government to adopt the MACC report, and that commitment to co-operative development be maintained. Whatever the method of implementation, the existing worker co-ops must not be abandoned.

The co-ops expressed their interest in developing commercial relations with government departments. Given that the worker co-ops were all in the printing and publishing field, the Government Printer (in McCutcheon's Department) was of prime interest. This had already begun in a small way, and the co-ops looked forward to its expansion.

Jamie Gardiner

Jim Asker

Government Wastes Resources in Food Co-operative Sector

The food co-operative sector has not yet given up hope, and will continue to lobby for what it was promised over a year ago.

The state government's commitments to resource the food co-operative sector have not been honored. The Victorian Food Co-operative Study Group (VFCSG) has now been without funds for over seven weeks, awaiting a decision from the Department of Labour (formerly Employment and Industrial Affairs) on a submission put in back in March for interim funding until decisions were forthcoming on the report of the Ministerial Advisory Committee on Co-operation (MACC).

The VFCSG has spent over two years documenting food co-operatives and determining adequate resource provision for them. It is logical that this information be used.

The frustration and anger felt by both the food co-op sector and the VFCSG is substantial. A member of the VFCSG said, "The disappointment felt by the food co-op sector is the epitome of the dismay felt by the co-op movement as a whole, what with retracted promises and the dismantling of the Co-operative Development Program (CDP)".

The VFCSG was initially funded in February, 1984 through the CDP, in the then Ministry of Employment and Training. The Ministry sought research and documentation of food co-ops in Victoria before they committed themselves to resourcing the sector. A census of food co-operatives and a feasibility study of a warehousing system for food co-ops were produced. Following this the group was further funded to produce a business plan for the proposed warehouse and a pilot education and training resource centre project.

State government support for the food co-op movement seemed quite strong. Cain's pre-election speech committed the government to the establishment of a food co-operative warehouse and development centre as part of Labor's anti-poverty strategy (*Social Justice: The Next Four Years*).

Michelle Keenan

TUC Call on Co-ops

The Trades Union Congress (TUC) in Britain has issued a statement calling for greater dialogue between trade unions and worker co-operatives.



PHOTOGRAPH OF THIRTEEN OF THE ORIGINAL MEMBERS
OF THE
ROCHDALE EQUITABLE PIONEERS' SOCIETY.

The TUC has urged unions to look sympathetically towards requests for assistance from members interested in establishing worker co-operatives.

In issuing the statement, TUC General Secretary Norman Willis acknowledged the role of worker co-operatives in job creation and promoting industrial democracy.

"Co-operatives represent one approach through which workers can challenge the traditional role of management and extend genuine control over the organization in which they work," he said.

"The main focus of co-operative development has shifted from national bodies to the regional and local level. The main vehicle for co-operative development in the future will be the local co-operative development agency.

"It is from the local level that initiatives must come. Co-operatives are therefore a good example of the 'bottom up' approach to economic development and planning."

Not the Answer

Willis also cautioned against a starry-eyed approach to co-operatives and exaggerated claims for their future role.

"They are not the answer to unemployment, nor can they be the answer to the failures of capitalism", he said.

The TUC statement acknowledged that worker co-operatives have problems in obtaining start-up capital, and that the long-term solution must lie in the development of regional and local institutions committed to funding worker co-operatives.

Willis firmly ruled out co-operatives bidding for work currently done by direct labor, and cautioned against the formation of co-operatives to take on work already privatized.

"It is vital that the future development of worker co-operatives should not be seen as a consequence of privatization. Such a dependence would, in my view, put at risk continued trade union support for co-operatives."

Willis emphasised the need to pay full rate for the job. "I can tell you quite plainly that co-operatives should not approach a trade union for support unless they can give that commitment. If co-operatives are about creating jobs by paying low wages, then we are not interested in them", he said.

Willis concluded by calling for a dialogue between trade unions and the worker co-operative movement to promote co-operative development as part of the TUC's wider policies on economic planning, and regional, urban and industrial democracy.

The TUC statement lays down three basic guidelines which it says unions should observe in dealing with co-operatives. These are:

- All members of worker co-operatives should be members of the appropriate union.
- There should be a recognisable basic trade union structure within the co-operative.
- Co-operatives should observe the appropriate collective bargaining agreements on pay.

Noel Maloney

Non-Profit Community Housing Sector Launched

Instead of relying on government public housing and reacting to private market initiatives, the Victorian community housing sector is seeking to intervene by establishing its own housing program similar to non-profit co-operative housing sectors in Canada and Western Europe.

On 9 May, the State Housing Minister, Frank Wilkes, and Federal Housing Minister, Stewart West, combined to launch what has long been a dream of community housing groups around Australia - a third tenure of housing alternative to home ownership and public or private renting. The third tenure is to consist of community-based, non-profit, democratically-run, self-managed co-operatives; or what have come to be known as common equity rental housing co-operatives (CERCS).

The financial powerhouse for the new tenure will be Australia's first non-profit finance company, the Common Equity Housing Finance Company. The company's role is to raise funds in the financial marketplace, mix these with government funds and lend to common equity rental co-operatives. A majority of the Board of Directors will come from the co-operatives, ensuring that the company is accountable to those being housed.

The company has already closed a deal to borrow \$1.3 million from the State Bank. This is to be mixed with \$2.2 million of Federal Government funds to purchase up to 50 houses. Other sources of finance being investigated are union superannuation funds and the issuing of housing bonds.

Over 18 months of careful planning and preparation have gone into the development of this new housing tenure by community housing groups, Shelter, the Rental Housing Co-operative Advice Service Ltd, the Ministry of Housing and the Federal Department of Housing and Construction.



Continued on page 8

CERCS

Based on Canadian experience, common equity rental cooperatives are to be small (no more than 20 households), and are to be established and serviced by specialist teams of architects, accountants and community development workers. A resourcing co-operative has been licensed by the program management body to provide education and training in co-operative principles and management practice. It is currently working with the first four common equity rental cooperatives funded - which are to be in Geelong, Werribee, Keilor and Broadmeadows.

In 1973, Canada started a similar scheme, mixing both government and private money in a pilot program with just five, non-profit housing co-operatives. Today, over 35,000 households live in these common equity rental co-operatives with the total amount of housing produced annually being greater than that of the Victorian Ministry of Housing.

As in Canada, the infrastructure established for the common equity rental cooperative program in Victoria holds out the promise of being flexible, innovative and diverse - characteristics of a tenure form which is committed to democratic principles and thus responsive to the needs of those being housed. Its non-profit nature should also make it both accessible to those on low incomes and cost effective.

Gib Wettenhall

Association Forms

The MACC Worker Co-operative Working Party has decided that it will continue to meet and form itself into an association.

Such a worker co-operative association would be better placed than the working party to promote the interests of worker co-operatives, relate to government, the other co-operative sectors and the rest of the community.

The formation of an association has become especially urgent following the Department of Labour's withdrawal of resources to the Worker Co-operative Working Party.

The Working Party decision comes after the completion of a feasibility study for an association with a developmental role. The study, by Marg Hosfal and Noel Maloney, has not yet been published.

Support for a worker co-operative association and a development agency was previously recommended to MACC.

Anyone interested in the worker co-operative association should contact Jim Asker on 419 9877.

Jim Asker

Italo- Australian Co-operative Links

Two representatives of the Italian co-operative movement visited Australia in November 1985. Alessandro Skuk and Bruno Casalini came on the invitation of the Victorian Minister for Immigration and Ethnic Affairs, Peter Spyker, and with the assistance of the then Department of Employment and Industrial Affairs.



Alessandro Skuk, Giovanni Sgro (MLC), Bruno Casalini, Monica Fawcett (CDP), David Griffiths (ex-DEIA), Barry Pullen, (Chair of MACC)

Skuk is President of Federcoop of Bologna. Casalini is Director of Publicity and Public Relations for the Federcoop, which is a provincial-level part of one of the three major Italian co-operative federations, La Lega Nazionale delle Co-operative e Mutue (National League of Co-operatives). They come from the province of Emilia-Romagna, famous for the strength of its co-operatives.

The delegates met with members of the Co-operative Development Program (CDP), the Ministerial Advisory Committee on Co-operation (MACC), the Victorian Credit Co-operatives Association (VCCA), the Co-operative Federation of Victoria (CFV), the Registrar of Co-operatives and his staff, teachers and consultants in co-operative education and training and trade unionists.

Trish Caswell, organizer for the Trades Hall Council, also discussed co-operation with the two representatives. Commenting on the visit, Caswell said, "The talks were very enlightening, especially from a trade union point of view, about the sort of connection that could be constructively made between the co-operative sector and the trade union movement as a whole. Co-operatives are another sector which allow a more creative set of options for employment and production, something that we don't understand completely yet. They are not easily grafted onto our system, but there are lessons, and important ones which can be learnt".

A document pledging readiness to jointly further trade union and co-operative

objectives has been recently signed by the three major co-operative federations and the three major trade unions in Italy.

Ten per cent of the Italian economy is co-operative. There are 136,484 co-operatives. Italy has more worker co-operatives than anywhere else in Europe. They are present in every sector of the economy: industry, agriculture, consumer, housing, services, retailing, fishing, tourism and culture.

On departing, the President of Federcoop said that he hoped that the success of the visit would encourage us in attempts to develop some kind of relationship in the future.

During the visit, discussions were held on getting copyright to translate and print the Lega publishing house, Editrice, books. Permission was given to translate and reproduce two publications; *A Guide to Production and Work Co-operatives*, and *Co-operation in Industry Construction, Manufacturing and Services to Industry*.

The Worker Co-operative Working Party for MACC discussed how co-operative sector associations had developed in Italy. Skuk and Casalini visited some co-operatives, including Open Channel, where the visitors told them about the co-operative media sector.

Other meetings on the itinerary were those with the Lord Mayor of Melbourne, the NSW Worker Co-operative Program and the public lecture organized by the Economic and Employment Unit of the City of Melbourne.

Middle-Eastern Co-operators In Broadmeadows



Members of the Broadmeadows Middle East Workers' Co-operative



The shop



Stephen Phillips

A new worker co-operative sells one of Melbourne's largest range of quality Arabic foods.

The Broadmeadows Middle-East Workers Co-operative Ltd is one of Melbourne's newest worker co-operatives.

It operates a supermarket specializing in Middle-Eastern food.

The shop opened its doors for business last November and has grown in strength day by day.

Three members are employed full-time and three on a casual part-time basis.

The co-operative members are Imad Faraj, who is Store Manager and currently Chairman of the Board of Directors; Wajid Hamad, Assistant Manager, and Zakari Abbochi, full-time salesperson. The other members who work as sales

assistants are Mohamed Alman, who is also Secretary of the Board, Ahmad Darwiche and Khodr Arabi.

"Our co-operative's target is to reach a stage where the co-operative provides full-time employment for all six members. We may need to open a second store or substantially increase the available floor space of the existing shop in order to achieve this", Imad told *The Co-operator*.

The Chairman also said that the co-operative had received support and encouragement from the Broadmeadows Arabic and non-Arabic community which has been reflected in the steady growth in sales.

The co-operative was established with assistance from the Victorian Co-operative Development Program (CDP).

Co-operative members undertook and completed the Program's Intenders and

New Enterprises Courses, which were provided by Preston College of TAFE, via interpreters.

All the members are fully committed to making their co-operative a success and to participating actively in the overall running of the co-operative.

Imad said that, like any business, they have faced problems and barriers but that they have overcome these together. "Members have benefitted from the education and training they have received from Preston. These courses prepared the members for some of the problems we were to face".

Putting on his salesman's hat he said that any readers of *The Co-operator* wishing to purchase quality goods at competitive prices, in retail or bulk quantities, can come to the shop at 753 Pascoe Vale Rd, Glenroy or ring 306 9894 to place an order.

The Co-operative Development Program

The Co-operative Development Program, CDP, was established five years ago, by the State Liberal government.

Both that government and the Ministry of Employment and Training, which it established, have passed into history, while government support for co-operative development awaits re-birth or final burial. For the last two years, a Ministerial Advisory Committee on Co-operation (MACC) has been deliberating on how best to promote co-operative development. It is expected that new administrative and support arrangements for co-operative development will emerge from the government's consideration of the report.

It is timely then to assess the CDP. What lessons do its experiences provide and what are the insights that it can offer for the future? Without such an assessment, it seems possible that these lessons and insights could be undervalued to the detriment of co-operative development in Victoria.

It is clear that the CDP has lacked credibility — within the government and bureaucracy and has remained largely unknown in the wider community.

Although the CDP has not succeeded in establishing co-operatives as a major policy initiative within the government, it does not follow that there have been no achievements at all.

These achievements should be recognized though perceptions of what constitutes an achievement will differ. Those who expected a Mondragon from the CDP will probably never be pleased. The issue is determining what is realistically achievable. Material resources, history, culture and ideas all set limits on the action that is possible.

A proper assessment is needed primarily to assist the political process of finding the "place in the sun" for co-operative development. The assessment needs to consider the limitations placed on the CDP itself, its achievements, failures and what its experience tells us about the possibilities for co-operative development in Victoria.

To dismiss the CDP is not only to churlishly disregard the efforts of many people. It is to throw away an opportunity to learn.

What did the CDP do?

Since 1981, the CDP has assisted over 40 groups to establish co-operative businesses. Of these, 18 are still involved in the program. Over 100 long term jobs have been generated at an approximate cost of less than \$3000 per

"Over a hundred long-term jobs have been generated at an approximate cost of less than \$3,000 per year."

year. The funded co-operatives operate in industries including printing, publishing, retail and wholesale food, manufacturing, industrial sewing, graphic design and public broadcasting. The largest co-operative involved employs 17 people, but, in general, they have been small businesses, employing four to five people.

The program went through a number of developmental phases. While the funding committee, composed of government, business and co-operative representatives remained throughout the five years as the body recommending funding approvals to Ministers, the objectives of the program were clarified and made more rigorous.

The education and business support provided to co-operatives was also improved. The education programs and business consultancies developed by the Ministry in conjunction with the Preston College of TAFE and Ballarat CAE were innovative and successful. They have attracted interstate and overseas interest.

The use of the enterprise plan as a tool for pre-empting problems and managing an enterprise in a more democratic manner was also a significant achievement.

The experience of success and failure in establishing co-operative businesses has been well documented. The program was evaluated by Cruickshank Management Consultants in 1983; in addition, the CDP sponsored a number of co-operative case studies and supported the Trans National Co-operative and Labor Resource Centre policy review on worker co-operatives.

Constraints

It is clear with hindsight that one of the major limitations on the CDP arose from its beginning and its birthplace.

When the CDP began in 1981, it was concerned with supporting community based co-operatives which undertook to generate employment and undertake socially useful activities. Economic viability was only one of a number of funding criteria and the degree of co-operative practice required was limited. Support for many of these community co-operatives was criticised by Labor,

when in Opposition, and many failed.

Following the election of the Labor Government in 1982, the objectives of the program were altered. This change resulted in greater emphasis being placed on the possibility of achieving economic viability when making funding decisions. However there was confusion about the nature of co-operative organisations, conflicting aims and objectives and optimistic economic forecasts. As a result there was political pressure to continue funding existing projects. These community projects were never able to resolve the dilemmas of ownership and the problems of control, motivation and viability.

The co-operative movement itself did not insist on the importance of maintaining the integrity of co-operative organisations. Indeed there is a lingering nostalgia for these community co-operatives.

A second constraint on the CDP was its low position within the bureaucracy. There were recurrent problems with staffing. Funding decisions were often protracted, and the program was in constant competition with a range of other employment programs for funds and attention.

The prevailing labour market programs, particularly the Community Employment Program (CEP), also affected the CDP. The Community Employment Program was sensitive to the criticism that only provided short term experience for the long term unemployed. It raised the possibility in its promotion and implementation, of creating long term jobs. Many project sponsors took this to mean supporting community based business activities. These activities were never likely to succeed. The necessary elements, such as the development of a proper business plan, the development of technical skills etc, were never considered (as they were under the CDP). The desire of many CEP funded projects to create long term jobs created pressure on programs such as the CDP to pick up funding support when the CEP funding was finished.

As a consequence, resources were spent reworking many proposals or dissuading groups from further pursuing them as the conditions for their success were as co-operative businesses often completely absent.

Many people have confused the two programs, it is therefore not unusual to find critics of the CDP who base their opinion on experience with a failed CEP enterprise.

A third major problem was the programs's inability to rid itself of what

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Work by Correct Line Graphics, one of Melbourne's worker co-operatives

one critic described as the 'brown rice and muesli tag'. That is, the contention that the program supported fringe or marginal activities. This lack of legitimacy was compounded by the numerous and vicious attacks on what were, in both commercial and co-operative terms, successful businesses. The hostility of Liberal and National Party politicians to co-operatives such as Gay Publications and Correct Line Graphics, remains quite unrelenting. The constancy of the attacks and the failure of the media to critically analyse these claims, weakened the CDP.

As a result of such political attacks, co-operative development was set in the context of a general defence of certain groups to gain access to Government funds, rather than in the context of the potential of co-operative development to create and protect jobs or promote democracy in the workplace.

Fourthly, the CDP, despite numerous publications, sponsorship of conferences and the like, did not establish a major profile. Moreover, attempts to broaden interest, such as the workshops on conversion co-operatives were not spectacular successes. Attempts were made to make contact with trade unions through establishing a liaison officer at the Victorian Trades Hall Council. Given the resources available, particularly in terms of finances and staff, it could not have sustained a much larger response in any case.

Finally, the marginalisation of the program was effected by the relatively limited pool of prospective co-operatives who had access to, or contact with the Department. The major clients of the Ministry were largely community and local government groups seeking job creation funds. The Department's own role in economic development was not clear. In fact, many of the criticisms of

the CDP could be made of the department as a whole. Both the Ministry and the CDP were young.

Lessons for the future

The experience of the CDP highlights important aspects of co-operative development. The CDP has provided important and sometimes controversial insights and experience on issues such as:

- the reasons for co-operative failure,
- the possibility of workplace democracy,
- the role of trade unions,
- the relationship between Government and co-operatives,
- appropriate forms of assistance,
- the distinctive nature of co-operative businesses.

I will conclude by commenting on a few of these.

First, the program identified the factors which could lead to co-operative failures. Among these, are insufficient technical or business skills and unity of purpose amongst co-operative workers (this was particularly true for ex Community Employment Program projects), inadequate financing, inadequate demand for the product and service provided, unsuitable business locations and the inability to sustain a prolonged commitment by co-operative members.

Interestingly, when co-operatives have failed, and sometimes in very depressing circumstances, workers have expressed continued interest in again working in a co-operative.

The program developed improved business support and education and training support in response to these factors. Perhaps the most important element was the use of the enterprise plan as a tool for reasoned and democratic management of a business.

The possibility of workplace democracy is now being demonstrated in co-operatives assisted by the CDP.

The experience of the CDP highlighted

the need for the establishment of infrastructural support for co-operatives outside the bureaucracy. It indicates that governments will need to continue to play a role.

The CDP looked to the MACC process to establish the position of co-operative development within overall Government priorities and its relevance to the State Government's overall economic and social policies.

A developed policy framework to put activities in some overall economic and social context is always necessary. Establishing the framework was not a job CDP was capable of doing itself, although it did resource much of the consultation and information that was used by MACC.

For the CDP to develop and gain support for such perspective within Government while at the same time learning how to actually establish co-operatives was probably an impossible task. To achieve significant reform in any area, the Government must already have a strong policy commitment. This is illustrated in other areas. For instance, in Government activity relating to occupational health and safety the policy and the commitment to it were always considered high political priorities by the Government, the Labor Party and the Trade Unions. That policy is now being implemented.

It is clear that co-operative development needs to be placed in a coherent political context. Critical to the development of a political context, is the relationship of future co-operative development to the aspirations of the Labor movement and the policies of labor governments. There is still a lot of work to be done here.

Conclusion

Throughout the last four years the lack of clear Government commitment to co-operative development and a general lack of clarity in labor market programs, contributed in limiting the operations of the CDP. The possibilities for co-operative development lie in overcoming these constraints. Improved resourcing, in both financial and technical term, is important.

The experience of the CDP also highlights the importance of clearly defining the nature of co-operative organisations and maintaining their integrity. The failure to do this has been costly.

Moreover a political commitment based on an appreciation of the difficulties involved and a clear sense of where co-operatives fit into Victoria's social and economic future is essential.

One of the CDP's lasting achievements is that it has put many of these issues in stark relief and that it has initiated and supported the long discussion that will be necessary to resolve them.

Joe Burke

Handicapping Co-operative Development in Victoria

Since its socialist origin, co-operation has been alternatively embraced and/or eschewed by various ideologies.

Co-operation in Victoria is currently being perceived as a methodology - value free and independent of ideology.

This is exemplified by a close reading of the documents published by Victoria's Ministerial Advisory Committee on Co-operation (MACC) - an information paper, a report on education and training, a collection of working papers and seminar proceedings.

The four documents emphasise organizational, legislative and administrative arrangements. While they discuss co-operative philosophy and principles, the discussion tends to be general and vague - pregnant with self-evident assumptions and expectations.

Democracy Through Education, for instance, acknowledges that the content and presentation of education and training must be underpinned with co-operative ideology - without identifying, defining and discussing that ideology. Instead the absence of "unanimity on the nature and meaning" of the essence of co-operative philosophy is noted and it is concluded that "the application of co-operative philosophy and its principles varies according to co-operative type". (p 19)

MACC has completed its final report. Given its preceding documents, it is speculative that the report itself will provide an ideological impetus to co-operation. But, then, an ideological impetus must of necessity emanate from the co-operative movement itself.

Yet the Co-operative Federation of Victoria (CFV) has adhered to political and religious neutrality since its establishment in 1970.

Political and religious neutrality had been adopted as a principle by the International Co-operative Alliance (ICA) in 1937. In the real world, however, co-operation is not neutral, and in 1966 the ICA abandoned neutrality as a principle - four years before the establishment of the CFV.

The eschewing of ideology and its significance is further exemplified in the search for a co-operative development model for Victoria - using successful overseas experiences in Mondragon, Italy and the Israeli Kibbutzim.

The expectation is that the ingredients of success can be imported into our own co-operative movement. Actual and/or perceived models, however, tend to evoke emulation. Emulation is imitative and tends to ignore specific historical, political, economic and cultural conditions. What is being emulated is the



form of co-operative development and not its substance.

Both Mondragon and Italy are successful examples of developed co-operative systems with economically viable enterprises, low enterprise failure rates, technically advanced enterprises and a sophisticated co-operative infrastructure.

Yet ideology has informed and sustained co-operative development in both Mondragon and Italy, and has provided the substance to their successful models of co-operative development. Co-operation in Italy has three spiritual families - liberal, Catholic and socialist.

It has already been noted that the CFV has publicly eschewed ideology for 16 years. In retrospect, this claimed neutrality could have been fatal to the development of co-operation in Victoria.

Co-operation in Victoria advanced rapidly between 1943 and 1970 with the ideological and organizational leadership of the Young Christian Workers (YCW) Co-operative Movement. Between 1943 and 1964 this Movement established a permanent building society, a trading and insurance co-operative, a land purchase co-operative, 23 housing co-operatives, 63 credit co-operatives and a co-operative development society.

The Co-operative Development Society (CDS) was established in 1962 to "safeguard the proper growth of the YCW Co-operative Movement in accordance with Christian co-operative principles". Between 1960 and 1968 44 issues of the *Co-operator* magazine were published and between 1961 and 1964 ten issues of a development bulletin were published.

The YCW Co-operative Movement was influenced by Canada's Antigonish Movement established in the 1930s at the University of St Francis Xavier, Nova Scotia, Canada. Adopting the six principles of the Antigonish Movement, the YCW Co-operative Movement affirmed:

1. The primacy of the individual.

All co-operatives believe that they can

achieve social good only by bettering the social conditions of individual persons, and their object is to help each individual to achieve a better life. They disagree with the ultimate in capitalism which believes in the furtherance of a few individuals at the expense of many, but neither do they support absolute socialism which sees the state as more important than the rights of any single person.

2. Social reform must come through education.

It is obviously impossible for people to bring about a change in social institutions unless they are first aware of what they are striving for and secondly the method by which they might achieve their object. This knowledge can only come through learning, and therefore education of the individual is a vital plank in the co-operative platform.

3. Education must begin with the economic.

All people absorb information more readily if it deals with a subject in which they have a personal interest. There are none with whom we deal who are not in one way or another affected by economic conditions and therefore they can be led more easily to a study of the Church's social theories if they see the application of their education in the economic affairs of their everyday life.

4. Education must be through group action.

This is line with the basic belief that people can act more effectively when acting together than as individuals. This applies not only to everyday affairs, but to the type of education through action which is the key-note of the co-operative movement. We believe that people can best learn to take control of their own affairs by experimenting and learning by their experience.

5. Effective social reform involves fundamental changes in social and economic institutions.

It is our belief that we must be prepared

more than merely to improve existing conditions if we are to bring about social reform. At times it will be necessary to set up support organizations entirely opposed to existing institutions and if necessary to build a set of conditions where certain institutions can no longer survive.

For example, we may deplore the poor service or high prices charged by a monopoly, but it may not be sufficient that we endeavor to have these prices reduced or the quality improved. It may well be that we would set up an organization to oppose the monopoly and in the long run to force it out of its position as the only supplier.

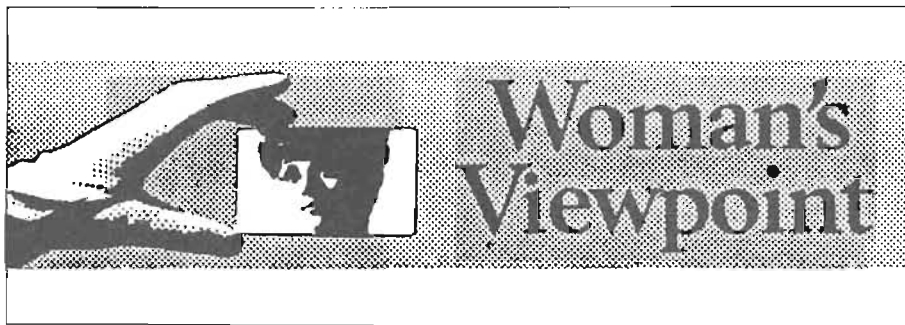
6. The ultimate objective of the movement is a full and abundant life for everyone in the community.

If we believe that every man can best carry out his vocation in life if he is freed from the restrictive shackles of poverty and other social evils, then we should aim for a situation where these evils are abolished and each person should have the best chance possible to carry out his task in life without impediments and so find it easier to save his soul.

Throughout the period of its existence the YCW Co-operative Movement promoted co-operation as practical Christianity. The Movement believed that co-operatives contributed to the "introduction of a Christian social order so that all citizens will be assisted to live full Christian lives" through "Economic and social co-operation coupled with education both based on Christian principles".

While membership of the co-operatives commenced with Catholics, non-Catholics joined the co-operatives provided they were in need and eligible according to geographical boundaries.

The YCW Co-operative Movement believed in a Christian social order "in which everything, including the laws of the country, the public institutions and the attitudes of the people were such that they would not in any way encourage non-Christian action, but would assist each member of the community to make the best use of his life as a Christian should. In such a social order we might well see the elimination of slums and bad housing, the encouragement of family life rather than divorce, equality of all in education, protection of



youth from bad literature, and in general every assistance for the individual to make the most of his life".

The YCW's Christian vision of co-operation was formally abandoned by the co-operative movement when the Association of Catholic Co-operative Credit Societies (ACCCS) became the Victorian Credit Co-operative Association (VCCA) in 1966, and when the Co-operative Development Society was replaced by the Co-operative Federation of Victoria (1970).

The catalyst for these changes was the 1964 report by YCW Co-operative Movement member Rob Maybury on his overseas tour between April and June of that year. In his report, Maybury posed the question: Should our Movement remain Catholic centred?

It is interesting to consider the relationship between this neutralization process and the current status of co-operative development.

In 1985 Meredith and Greer concluded that co-operative education and training in Victoria was minimal: "Current provision covers only a fraction of existing or potential co-operative target audiences identified". They estimated that only one in every four members of co-operatives had taken part in education and training programs. In June 1984 the Registrar of Co-operative Societies, Bill Kilpatrick, noted that the co-operative movement in Australia was "in its infancy". In 1984 the General Manager of the VCCA, David Dinning, lamented that "Financial co-operatives in particular have been guilty of not creating proper member awareness of the principles of co-operation and the basis on which their co-operative is operated."

The words "minimal", "infancy" and "guilty" amount to an effective criticism of co-operation and suggest the

absence of commitment and, in consequence, a corresponding absence of a conscious and explicit ideology.

Emerging forms of co-operatives in Victoria have, however, been demonstrating a diverse but explicit political consciousness. These have focused on their relationship to the Labor movement.

This politicization process shares with the YCW Co-operative Movement an ideological base but one which is primarily rooted in different historical antecedents - Australia's incipient co-operative socialism of the late 19th and early 20th centuries.

These newer co-operatives have not yet attained the sophisticated and ideological presence that the YCW Co-operative Movement achieved at its peak.

The potential of the newer co-operatives to develop into a credible co-operative socialism should not be over-stated. Their politicization is an impetus rather than a systematic and integrated ideological position, and it is premature to determine whether socialist inspirations and aspirations will remain and prevail - providing an ideological substance to co-operative development.

David Griffiths

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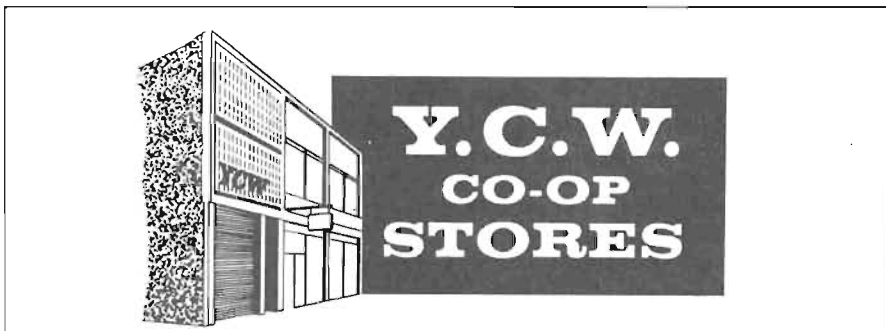
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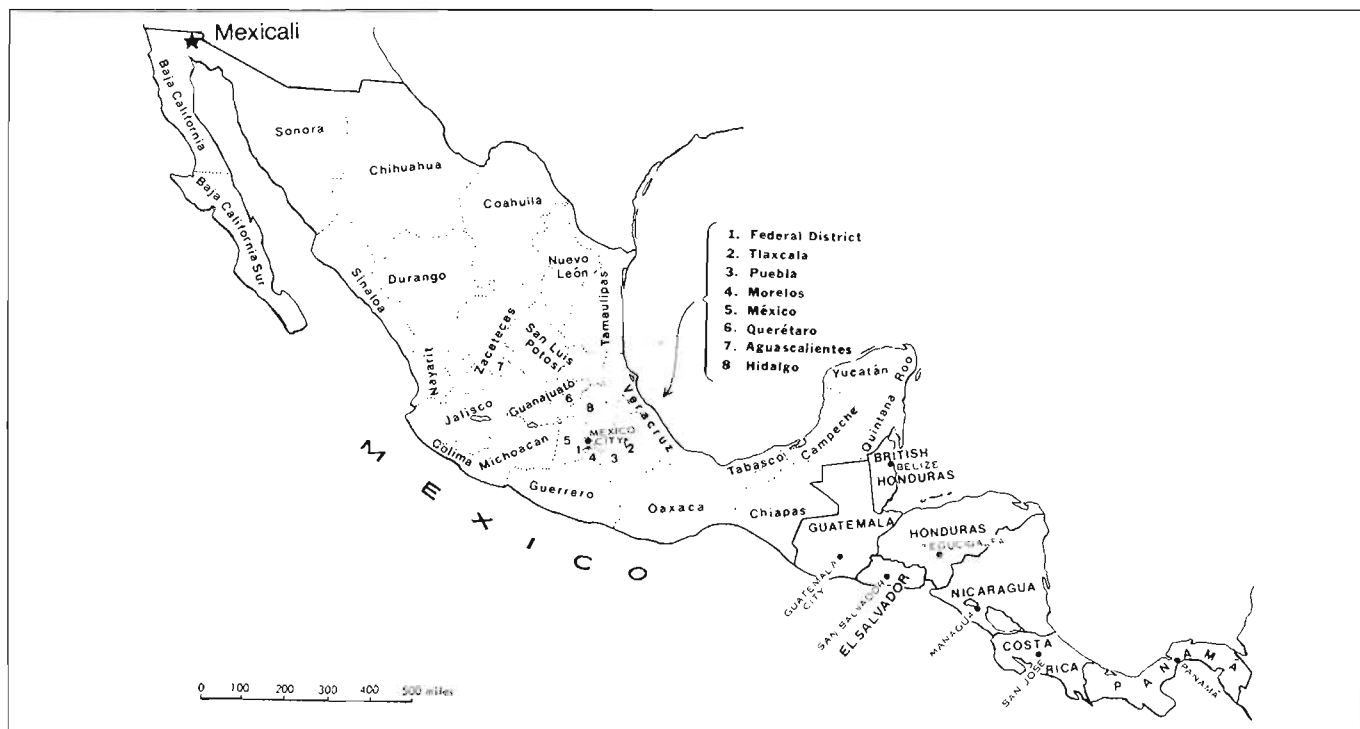
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Copies of *The Co-operator* lent courtesy of Ted Long.

"Running a Co-operative Takes a Lot of Discipline!"

Muebles Nacionales is a furniture factory in Mexico. In 1977 the workers converted it to a worker co-operative after the owner died.



In early 1977, the employees of a small furniture factory in the Mexican border city of Mexicali were about to lose their jobs. Unlike many firms along the border, Muebles Internacionales was not collapsing because of mismanagement or miscalculations of the region's treacherous economic tides. On the contrary, its owner, Guillermo Mina, had carefully established a market for his products on both sides of the international boundary and had expanded his activities as judiciously as conditions allowed. Unfortunately, having weathered the economic storms and devaluation of 1976, he died the next year in an automobile accident. Subsequently, his two American partners lost interest in the business and decided to default on its debts.

Facing unemployment, the workers at Muebles Internacionales consulted a lawyer who advised them to organize a strike against the defunct company and thus compel the Federal Labor Relations Board to award them some kind of severance pay. Since government mediators lacked other assets to apportion, the strikers were given the company's equipment and machinery to divide according to each person's rank and seniority. Some employees took pieces of equipment to sell on the secondhand market, but most workers soon realized that dismembering the fac-

tory would not save their jobs or secure their futures.

Encouraged by their lawyer, the workers decided to pool their resources and form a production co-operative. As one of their first officers put it, "At the time, we didn't know anything about co-operatives; it was something we put together in a hurry. What we had was our enthusiasm".

The 32 people who remained reopened their doors as Muebles Nacionales in April 1977. Immediately, they encountered difficulties. The chief problem was that the co-operative members did not own the building in which they worked: it had been pledged as collateral for a number of loans and now belonged to creditors. Confronted by substantial rental fees and no significant inventory, Muebles Nacionales contemplated bankruptcy. At that point the co-op's manager, Marta Sanchez, approached the Inter-American Foundation.

Support from the foundation eventually allowed the co-operative to purchase the locale and to provide means for increased production. By the end of 1978, Meubles Nacionales had devised an export-orientated marketing strategy that focused on large US retail chains, and as a result, the factory's monthly sales rose to US\$50,000.

By 1982, the workforce had expanded to 55 employees. Two rounds of

devaluation (from 24 to 150 pesos per dollar) may have encouraged exports, but it caused a new set of business problems. Having borrowed US\$197,000 to buy new machinery in the United States, for example, Muebles Nacionales has been unable to use this equipment because the Federal Electricity Commission was been unable to install necessary high-voltage lines. Meanwhile, the co-operative has responded to soaring inflation, rising costs, and debt service charges by lengthening workdays, which in turn has sparked some discontent among co-operative members.

Other conflicts have also surfaced. As Ubaldo Bautista, a machine operator, explains in one of the following interviews, economic hardship has reinforced the divisions between the older members who contributed both their labour and severance pay and their new colleagues who have joined without investing any money. In Ubaldo's words, "It's difficult to see a new person come into the group, and in a couple of minutes they're making decisions that affect you."

Despite such difficulties, Meubles Nacionales has enjoyed an advantage that most worker production enterprises in Latin America lack: a favourable location. The border economy may be tricky, but it also provides access to more affluent export markets and to cheaper,



more reliable supplies of raw materials. The workers at Muebles Nacionales have protected themselves against the worst ravages of inflation by selling in volume to large buyers in Los Angeles and Houston. The co-operative continues to use these sales to finance purchases of raw materials in the US while simultaneously expanding its markets in northern Mexico.

Although the co-operative has imaginatively exploited the opportunities of the border economy, it also has had to overcome the same kinds of problems that most worker production enterprises face. Lines of credit had to be secured for working and investment capital despite an initial lack of mortgagable assets or an established credit history. Technical advice had to be found to help organize the firm and guide it past the legal, financial and managerial obstacles that can wreck a new business. Fortunately, the workers at Muebles Nacionales were able to hire a manager with extensive experience in organising co-operatives in the US and Mexico. She has devoted considerable energy to training the group's leaders; and they, in turn, have energetically educated the membership at large in the challenges and responsibilities of joint ownership. As co-operative president Alberto Martinez says, "The thing we keep reminding our members is that they have to think like owners and workers at the same time. It's not easy for us to do that; in fact, it takes a long time to get used to".

So far, their efforts have been reasonably successful. There has been a

sizeable turnover in members, and even Ubaldo admits, "You can always find a lot of things to be unhappy about. Still, you just can't let those troubles sidetrack you from your main objectives."

Alberto Martinez, President

"When Sr Mina died, I had already been working here for some time. His family didn't seem very interested in the place. I guess they didn't think it would survive. For a little while, the accountant tried to keep things going. Sometimes we worked three days a week, sometimes five or six. Just trying to stay afloat. But finally he couldn't pay the debts and gave up. He said that if we wanted to work the machinery ourselves we should give it a try. We filed some papers so that we could start up on our own. Technically, we went out on strike, but we were really just taking care of the place until our permit came through. Two weeks later we started work again as a co-operative with the accountant as president and general manager. It was all done on the spur of the moment: no meetings or anything like that. We just took a majority vote about whether we should form a co-operative and that was it.

"Once we had gotten our papers in order, we had to tell everyone that Muebles Internacionales had gone out of business and we were a separate identity. One time a man showed up and asked us for a million pesos that the old company had owed him. We explained to him that we had no legal responsibility to pay because we were a different outfit. I might say that he didn't put any pressure

on us. The only trouble we had was with the light and the water, although eventually we signed a contract with the Electricity Commission, and our service was restored.

"When we started work again, we decided to keep producing the same lines of furniture as the old company. We began with bookcases; they're easy to make and you get a nice margin. Then we moved on to bunk beds and bedroom sets until, after a few months, we could produce everything we had made before. But it wasn't easy: we always had plenty of problems. The worst one was that about half of our members resigned — we started with 30-odd people — and that meant we had to buy out their shares in the co-op. After a lot of bargaining we agreed to pay them a certain amount every two weeks until they had collected whatever they had put in. It almost drove us out of business, but we did everything we could to survive.

"We got to know Marta about the time we decided to become a co-operative. She came in to advise us on how to get organized and start working. The truth is that we didn't know anything about it. Maybe now people here have a better idea about co-operatives, but that's not the way we began. She steered us through all the legal pitfalls and kept us from getting into trouble. When Oscar (the accountant) left, we immediately thought of her. After she had been here a while, she saw that we were going to have problems with the building, and she told us about the IAF. Basically,

what happened was that Sr Mina had mortgaged the structure we were working in, and his creditors expected us to pay them some rent. Instead, we got a grant from the foundation to buy the factory, and we even had a little money left over to help us with production. That was very important to us because, otherwise, we would have spent everything we made just to keep from being evicted.

"The city government also helped us raise some capital. They sent one of Marta's friends to visit us and we had a nice conversation. They said, 'We know you plan to put a lot into this and we want to help out. We'll be happy to cosign your loans at the bank if you need us to'. And they did, too. I know this for a fact because sometimes I had to collect signatures from two or three different people. But I regard it as quite an accomplishment for a group like ours.

"Another thing we did was to work with people in the US and make furniture for export: chairs, bunk beds, and cupboards, even bedroom sets. In other words, we still get help from our friends over there. For a while we even had special financing from the Mexican government. We got a line of credit to buy machinery from the United States and to cover the costs of installation — things like that. You might say that was our third phase. Now we have to start the fourth phase, which is where we'll be when the equipment comes on line. And we'll get there, too. As long as we believe in what we're doing, there's nothing that can hold us back.

"I've always been an officer here. I was in charge of co-operative education, I was head of social welfare, and then I was elected to be president of the co-operative itself. We're the second slate of officers the co-op has had, and our terms expire in six months. Then we'll call another general meeting to elect our replacements. Even if we've done an outstanding job, we can't be re-elected for another two years. You can understand that from one point of view: nobody's perfect; we all have our faults. But it's also a shame because we've had a lot of experience in dealing with the members and making sure that everything runs smoothly.

"In my case, for example, I've learned how to make deliveries and collect what people owe us, even to do our marketing. Inside the factory, too, I can do just about anything: shipping, painting, there are hundreds of jobs I have to know. I don't work at any one thing in particular — I'm everywhere. If I see the place is dirty, I pick up a broom and start sweeping. In an organization like ours, you can't have any prejudices. If someone says to me, 'You're the president: you shouldn't be pushing a broom!' I tell them to forget it.

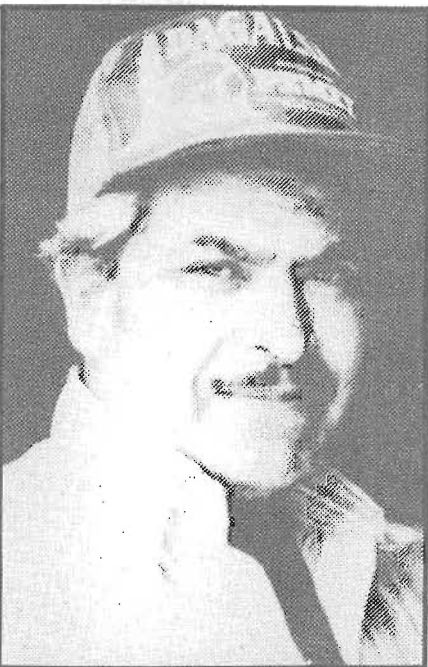
"In fact, that's the biggest problem we have: sometimes we think like workers and we say, 'My productivity is increas-

ing; you have to pay me more'. The only thing we can do is remind our members that they have to think like owners and workers at the same time. We don't earn wages here: we divide what we make among all the participants. If you work hard, you earn more; if you work less, you earn less. Because around here, nobody is the boss — we're all the boss. It's a different way of thinking for us, something that takes a long time to sink in. We have to learn how to do our jobs as workers and to fulfill our responsibilities as businessmen".

Ubaldo Bautista Chaires, Machine Operator.

"When I came here, they were looking for an experienced machine operator, not just a carpenter. That was 14 or 15 years ago and I've been here ever since. I'm a member of the co-operative now; you might say I'm the senior man.

"As far as I'm concerned, the biggest



Ubaldo Bautista Chaires, Machine Operator.

problem we've had is disorganization. What happens quite often is that one department can't handle the flow of components, and then for a lack of a single piece, the entire process gets bogged down. The finished product doesn't come out and we lose a couple of days. We shouldn't have that kind of problem: everybody's been around at least two or three years, and there are plenty of members who've been here longer than that. By now, we know what has to be done first, how to do it, what comes next. If we were organized a little better, we could avoid the interruptions and everything would come out the way it's supposed to.

"What we really need is a little more patience with each other, especially when someone makes a mistake. No matter how much you know, you always make mistakes. But if someone doesn't point it out to you, you don't see it. And

when you see it, you have to be mature enough to recognize it and admit that you did it. You can't get angry or deny it. If you're in charge of something, you have even more opportunity to do something wrong. So when it happens, you have to let the people who work for you tell you about it. If you're doing your job well, you'll accept the responsibility.

"We had a general meeting about this recently because some of the older members like me weren't happy with the way things were being run. For example, I put in 60,000 pesos of my severance pay, and I told them they were taking too many chances with my money: we felt that a lot of mistakes were being made in all the departments. According to our rules, all members are supposed to receive 6% interest on their investment. But the new members came in and just start working. Of course they're also supposed to buy at least one share, which costs 5,000 pesos. But only ten of them at most have done it. They join the co-operative and a month later they have the same voice as everyone else.

"As for the older members, we not only put in our money, we put in our youth, our own bodies, which we'll never get back. So I told them that it was really a moral issue and they decided to give us our 6% — though they wouldn't make it retroactive. It's tough to see a new person join the group, and in a minute or two, they're making decisions about your life. That's still a problem; if you think about it, you can find a lot of things like that to be unhappy about. Still, you can't let those troubles sidetrack you from your main objectives".

Benjamin Salas Hernandez, Machinist and Treasurer

"When we opened our doors, the only thing we had were the machines — the good ones and the bad ones alike. We had no inventory whatsoever, because the owners had taken out everything they could carry. There were a few pieces of unassembled furniture stuck in a corner somewhere so we put them together and sold them. Even to get that done, we had to organize a meeting, elect a board of directors, and make our plans. To be honest, I'd have to admit that we didn't have the vaguest idea what we were doing; what we had was our enthusiasm.

"So we elected the first group of officers and I was asked to be treasurer. My job was to buy what we needed, do the payroll and keep track of the timecards. The worst part about it was that we didn't have any money at all. Our products were well-known, which helped us out eventually, but we didn't have anything to make them with. Then a few suppliers began to give us a hand by selling us wood on credit. We also bought paint sprayers and air hoses at a place called B&M and they gave us 30 days to pay. I opened an account with them that we still use. At the time, a check from Muebles Nacionales wasn't

good anywhere; it took them a while to believe in us. But it all worked out well in the end — and of course, we don't forget about the people who helped us when we needed it.

"Of course we've had a lot of problems; I think every co-operative has them. But the problems also have solutions. One solution is that some people have to leave — the people who don't understand what we're doing or who can't get used to it or who want to work by themselves. And then you find other people to replace them. That's why we've started our own adult education program. We teach people how to realize their own potential, how to think and act for themselves. We have classes in basic co-operation which cover things like management, sales, organization, self-realization, personality — all sorts of subjects. They really helped to open a few people's eyes. That's important because the educational level around here is very low. Take me, for example: I finished high school 38 years ago. What we're trying to do is make up for all that time in a year or two — to take advantage of what we already know and apply it to the co-operative.

"That's really what our basic idea is: if our members can put a little more into their work, they can get more out of it, make more money. If you want to earn more, all right, learn your job better, understand yourself a little more, figure out what you should be doing. Because around here, nobody is going to tell you, 'This is how you should act. Just do your job and don't worry about anything else'. The truth is that running a co-operative takes a lot of discipline. But it's not a rigid discipline: it's something that emerges right out of the work itself. Nobody has to enforce it — it's the kind of discipline you're not even aware of'.

Marta Sanchez, Manager

"A few years ago, the co-operative opened a bank account and began to manage its own cash flow. At the time, nobody would give us any credit — nobody! Once in a while they would advance us something against a customer's note, but that was all. Then I read somewhere in a co-op magazine that the government had created a special agency — the Co-operative Society Guarantee and Discount Fund (FOSOC) — to work with groups like ours. I visited a few of the banks and they said they'd never heard of it. I looked up the magazine article again and found a phone number in Mexico City, so I called them. I said that we were interested in applying for a loan and asked them to send us the forms because, in Mexicali, nobody knew anything about it. They sent us a packet by pouch through the Bank of Mexico.

"When the packet arrived, I spoke to them again and said that we would be in Mexico City in one month's time. Then we began to work on the reports they

wanted. This time we didn't hire any outside consultants — we did the whole thing ourselves! The final document has ten-year projections; it discusses equilibrium points and internal return rates.

"Exactly one month later I was knocking on the door at FOSOC in Mexico City. The director glanced at our report and said, 'It looks good, senora. How much time can you spend in Mexico City?' And I told him, 'Let's put it this way: I'm not leaving until we have an answer!' So he turns me over to one of his assistants, an economist who tried to tear the document apart. But he didn't get very far because we knew the thing backward and forward. The next day they passed me along to an accountant who tried to do the same thing. The day after that, it was a specialist in factory management. Finally, on the third afternoon, I went back to the director and



Marta Sanchez, Manager

complained: 'Is this how you treat co-op members? You're supposed to help them get credit and you spend your time terrifying them!' "

"He said, 'I'm sorry', and signed our request! That's how we got our loan: 12 million pesos (US\$917,000). What he was really doing was testing me, trying to see how much I knew about co-operatives so he could offer me a job. When I left, I was the regional advisor for [the State of] Baja California!

"We've administered this loan exactly according to the guidelines we were given. We have a thick folder full of receipts and vouchers — everything is in perfect order. Moreover, it's the only loan we've ever taken out. We have asked them to let us use it as a revolving fund if we need it, and we're applying for an export loan which we're also going to receive.

"I've used the same procedure to get loans for other co-operatives, too. Now that I know what to do, I work with the officers and help them put together a solid proposal: I tell them not to hire fancy consulting firms that just take old reports out of their files and sell them a new cover. We go through the exercise together and learn what we need to know about their co-op's finances. From my perspective, it's an excellent opportunity to do some education: co-operatives use the proposals in their annual meetings, they use them to set their own priorities, they use them to draw up a five-year prospectus, etc. In other words, they learn how to think about their future and to plan their activities. The bankers come in and they don't have the vaguest idea what's going on. It's the co-op members who master the fundamentals of financial planning!

"What bothers me is that we now have a loan mechanism for co-operatives but nobody knows how to use it. The banks are supposed to tell them about FOSOC, but it doesn't really work that way. For example, I'm the only FOSOC representative outside of Mexico City. Sometimes I have to deal with ten separate banks before one of them will accept a project. At the same time, I'm working on proposals with ten or 12 different groups: agricultural co-ops, consumer co-ops, transportation co-ops, industrial co-ops.

"One of the things that has always worried me is how isolated and vulnerable most co-operatives are. So, here at the factory, I've tried to use credit as a mechanism to bring different groups together: our office has become a sort of clearing house for co-ops all over the state. In a formal sense, of course, what they need is to belong to some sort of co-operative federation. For the time being, we've made friends with many groups who use the factory as a reference point, as a place to talk about their problems and get some friendly advice or support. Nobody's made any serious, formal commitments, which is why the idea of forming social solidarity groups continues to intrigue me.

"In a sense, I have the same problem: if you don't work with self-management, what are your alternatives? Academic life doesn't have much to offer. Neither does teaching. Joining some marginal political party is out of the question. Somehow you have to find a role for yourself, however limited it may be. And if you can't build ties to other organizations, all you end up with is a little business that makes a nice living for 60 families and they stop worrying about everyone else".

ROBERT WASSERSTROM is a senior associate at the World Resources Institute in Washington, DC. These interviews are excerpted from his book, *If We Didn't Argue, It Wouldn't Be A Meeting*. The book includes oral histories of seven organizations that have received IAF support.

Article courtesy of Grassroots Development.

Co-operative Boom

In Turin co-operatives have been set up as a means of survival and as a way to continue the struggles of '68 and after. Carlo Carli reports

The first thing that struck me about Turin was how similar it is to Melbourne. After having visited and lived in so many renaissance and medieval Italian cities, it was a relief to be in a city with straight and wide streets, splendid buildings similar to our city centre - or at least those parts that haven't fallen victim to the skyscrapers - and a river similar to our Yarra.

Like Melbourne it is a city of migrants, most of whom came to work in the factories during the post-war boom. Instead of the familiar sounds of Greek, Vietnamese, Yugoslav and the other languages of our migration, in Turin I heard Venetian, Sicilian, Neapolitan and the other dialects that are there as a result of internal migration. A migration from the rural south and north-east to the industries of cities like Turin.

The co-operative movement in Turin is relatively weak but it is currently booming. The city itself is dependent on the giant FIAT factory and associated industries. Turin is the centre of the Italian car industry just as Melbourne is the centre of the Australian car industry. The recent growth in the co-operative movement in Turin is a direct result of the crisis and restructuring of FIAT in the early 1980s, a crisis which sent the entire economy of the city into a slide and led to mass unemployment.

In Italy FIAT was the symbol of the strength and militancy of the working class. The FIAT workers have been in the forefront of the major struggles including the factory occupations of the 1920s; the "hot autumn" of 1969 and the fierce strikes of the mid-70s. It was a factory riddled with industrial relations problems including an active cell of the Red Brigades.

During the summer vacations of 1980 the FIAT management announced that there would be mass sackings. On their re-entry to the factory after the holidays the workers decided to strike. For 35 days the giant FIAT factory stopped and all of Italy watched and took sides, the conservatives campaigned against the strike while the left provided financial and political support.

The strike collapsed after a march against it by between 10,000 and 30,000 FIAT foremen, technicians and workers. The next day the unions signed an agreement, against the wishes of its militants.

After the agreement 24,000 workers were laid off: the old, the disabled and



Turin, metalworkers' demonstration

the militants; the ones FIAT claimed were unproductive. From a symbol of worker revolt FIAT has become a symbol of managerial control. FIAT was re-tooled and restructured and it is in the mid-80s the most "successful" carmaker in Europe.

Turin remains in a state of economic crisis. Its population is falling as many unemployed workers return to the south. Unemployment grew as the FIAT restructuring began to affect all the dependent industries.

In Turin I visited a number of new co-ops formed after 1980 and many of these were comprised of union militants

who had been retrenched. I was struck by the psychological changes that these workers had gone through: from opposing the exploitation by a multinational to running a small enterprise.

The manager of CoAp, a food co-op, is Orlando, who came from Sicily in between the student revolt of 1968 and the "hot autumn" of 1969. He learnt his politics in those struggles and in the mid-70s he wrote an article about the struggle against work and productivity. He learnt about the politics of food during a boycott of the FIAT canteen when he helped organize an alternative canteen with healthier and better quality food. He spoke with a passion about the

importance of their co-operative in marketing and providing health foods in Turin. He still believes in the struggle but it is no longer restricted to the factory. It now includes making consumers aware of the politics of food. It is about community agitation. It is about strengthening the co-op and making it an instrument of change and the basis for new social relations.

Unlike supermarkets, this co-op only sells to members. Orlando and the management committee believe that the consumer must be aware and become a protagonist. I picked up their monthly newsletter and read articles on health, on cosmetics, on issues of taxation reform and on the formation of a children's soccer team.

I met Riccardo at a friend's place. He had been sacked from FIAT along with 60 other workers for suspected acts of sabotage. He now belongs to a transport co-op. He works hard in this co-op that has social as well as purely economic objectives. Like Orlando, he sees the co-op as an instrument of social change and as a means to experiment with new social relations.

Both men are aware of the tendency towards self-exploitation and the difficulties in surviving in the market. They are concerned that their co-operatives must remain political with clear aims and principles. They are worried that their co-ops might become just alternative businesses and claim that many of the larger, established co-ops often forget their origins in earlier struggles and as organizations of the working class.



No to sackings

There were other co-ops that emerged from the social movements, like Le Mani, which produces craft goods. It was established by a group of feminists who had been union activists in some of the large factories in Turin and had been sacked in the crisis.

I also met disabled people who had formed a small workshop, not as a charity, but as a means to achieve self-respect and financial viability.

In Turin I was witnessing the emergence of a new co-operative movement born not simply in response to economic pressure but tied to social and

cultural demands which had emerged amongst workers and students and from recent social movements.

Not all the new co-ops in Turin belonged to these social movements. There are co-ops like La Brousse, which was formed by a priest among unemployed youths. There are also co-ops formed by trade unions, the co-operative federation, or political parties. There are co-ops formed in factories that had been in a crisis and were taken over by the workers.

However I have wanted to focus on the co-ops that were formed not by retrenched older workers but by young workers and professionals who have sought to establish enterprises to compete in the market while changing the social relation among themselves.

In Turin the number of co-operatives has increased from 202 in 1980 to 355 in September 1984, an increase of 70%. The majority were worker co-operative formed in response to the economic crisis of Turin.

In recognition of the boom in co-operation in the 1980s in Turin, the Piedmont regional government passed a law in 1984. The law provides financial assistance to recent co-operatives or those about to be established that meet the following conditions:

1. that the majority of the members are young unemployed or are workers that have lost their jobs in the economic crisis;
2. that they have a business plan which demonstrates a commitment to job creation.

Book Review

Noel Maloney

Working & Living Collectively: a planning guide

**Paul Williams,
Work Resources Centre, ANU,
Canberra, 1985.**

The road to successful collective work structures is littered with casualties. Years of hard work and devotion to achieve a successful working arrangement can result in burn out, disillusionment and loss of precious talent.

Collectives that fail often assume their problems are unique. Not much has been written on group development in non-hierarchical structure. The little that has been produced tends to concentrate only on meeting procedure. Paul Williams' recent publication, *Working and Living Collectively*, is therefore highly welcome.

It is one of the first Australian works to look at collective structures in an attempt to identify common patterns of development. There are three main sections to the work: a discussion of group processes, a series of case studies, and a

detailed description of a conference model for co-operatives and collectives.

The first section is particularly valuable. It gives a clear description of what is in store for collectives once the initial excitement gives way to the nitty gritty. There is also valuable discussion on the notion of "commitment": "It is very difficult, if not impossible, consciously to build, generate or manufacture commitment. Although enthusiasm and motivation can be heightened in the short-term, commitment is a long-term phenomenon. It is more likely that long term commitment will be continuous and exhibited by core members, whereas short term enthusiasm will be more discontinuous and exhibited by peripheral members in peaks and troughs".

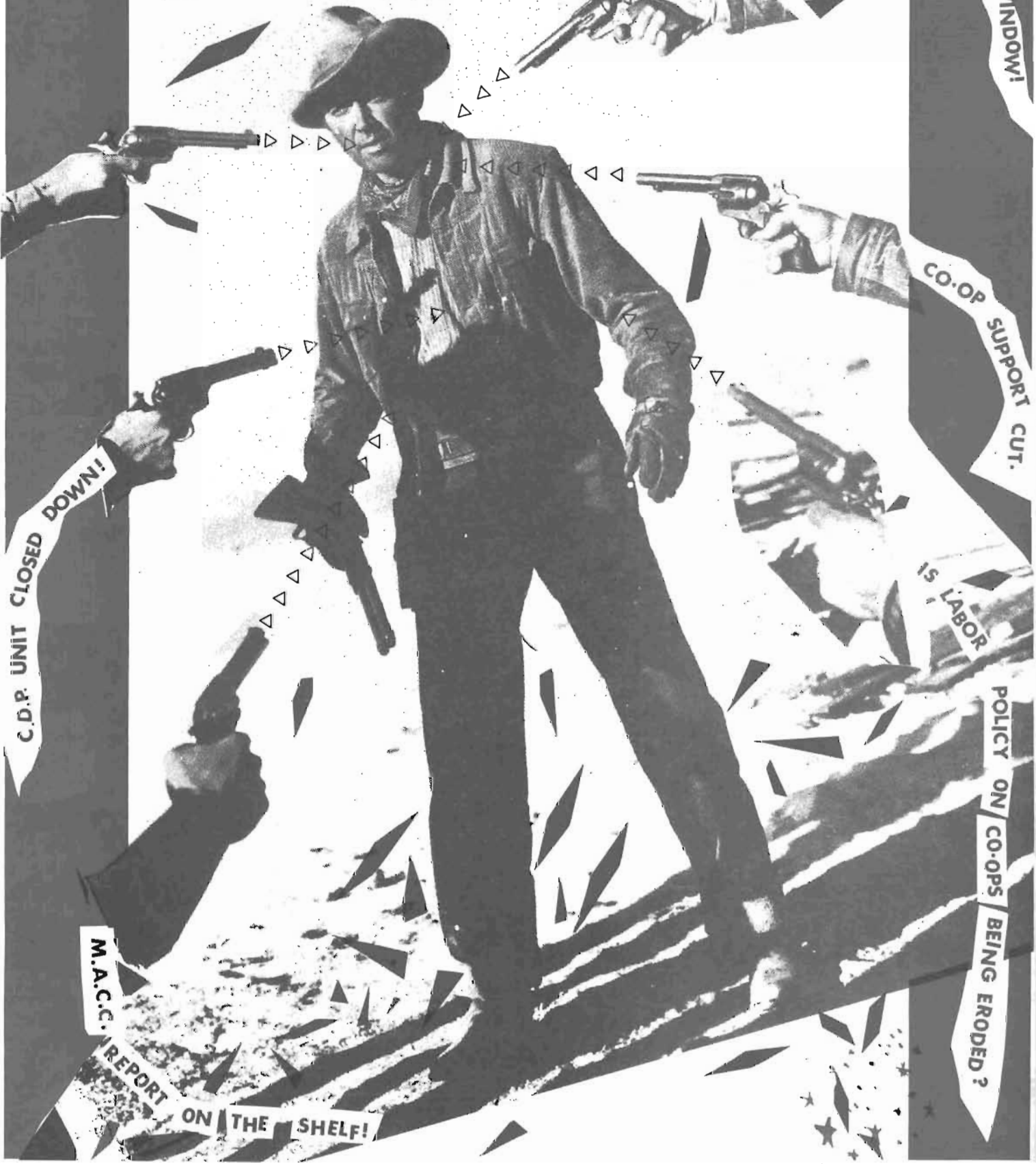
However several important topics were not examined in the study. For example, volunteerism, and the conflict between paid and non-paid workers has become an important issue in the last ten years since alternative businesses have received high levels of funding. The section on active and passive participation could have included some examination of this problem.

The conference model included in the book is efficient and equitable and will no doubt be extremely useful to those still feeling their way with collective decision-making. However more could have been included on specific communications skills and problem-solving strategies. The author argues that such skills are best found described in literature dealing specifically with counselling and psychotherapy, and further argues that more harm than good would be done by including them. I did not quite understand his fear. Problem-solving techniques are not necessarily "therapeutic" in nature. Collectives often wrongly assume that by learning something of meeting procedure they are then in a position to handle group-dynamic problems.

The book is at present in manuscript form; the pages are typewritten and there is little graphic material. If there are plans to republish the work, a more visually appealing design should be considered.

The report is available either through the Work Resource Centre, ANU, Canberra, or the Office of Youth Affairs.

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